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STATE FOR PM/DTCC - BLUE LANTERN COORDINATOR (STITZEL)  
STATE NEA/IPA (PECCIA)

E.O. 12958: N/A  
TAGS: [ETTC](#) [KOMC](#) [IS](#)  
SUBJECT: RESULTS OF BLUE LANTERN LEVEL 3 PRE-LICENSE CHECK  
ON APPLICATION 050093749

REF: STATE 36935

1. (SBU) Per reftel instructions, emboffs visited Bental in the Golan on May 22 and met with CEO Shmuel Mandel, Projects Manager Benny Heimann, and Marketing and Sales Manager Moshe Poolat. Israeli MOD Security Directorate (DSDE/MALMAB) representative Kobi Fogler also attended the meeting. Mandel, Heimann and Poolat provided emboffs the following information in response to their questions:

A) Bona Fides: Bental was established in 1983 and is controlled in part by TAT Technologies (an Israeli public company traded on the NASDAQ), and in part by Kibbutz Merom, where it is located. Bental employs 100-150 workers and manufactures and repairs motors for use in airplanes and vehicles, as well as in larger machines, such as CT scanners and industrial printers. CEO Shmuel Mandel explained that Bental supplies both private corporations as well as Israel's aviation and defense industries (e.g., Elbit, IAI, Rafael). Mandel listed the Israel Ministry of Defense, IAI, and Kinetics (involved in the Mine Resistant Armored Truck (MRAT)) program as some of their larger customers.

B) Technology Applications: Mandel said most of their products are not/not derived from sensitive technologies. He indicated that the brush DC motor with tachometer (the subject of the proposed, licensed transaction) is used "exclusively" in replacing and updating broken tachometers on the turret control motors of Israeli Merkava tanks. These motor/tachometer units are considered to be owned by the Israel MOD and are stored separately from other motor parts. According to Mandel, the requested 47 motor/tachometer units should be sufficient to complete repairs as requested by the MOD over the course of 12-18 months, depending on demand. Bental stores the motors with the integrated tachometers. When the holdings get down to around 10 pieces, Bental will submit a new order for tachometers.

C) Company's On-Site Security and Understanding of USML Restrictions: Mandel indicated that those employees who handle USML controlled technologies, such as the motor/tachometer units, have all received security clearances to the confidential level. The office is equipped with safes and secure areas for storage of information about the technologies, and the units themselves are stickered to indicate that they are USML-controlled. Mandel showed emboffs a storage room with a locked door and separate storage for USML items. Mandel explained that old and broken tachometers are securely disposed of per USG requirements. He confirmed that he and his staff are familiar with USML requirements and regulations, and indicated that his company

shares U.S. interests in protecting secure technologies.

D) Role of Danaher Motion/Servotronix: Mandel explained that Servotronix is the Israeli subsidiary of Danaher Corporation in the U.S. It is Servotronix, Mandel explained, which completes all of the clearance forms and other paperwork for the purchase of USML items, which are then collected directly by Bental from the airport upon arrival.

E) Documentation: Mandel showed emboffs the following documents: an end-user certificate from Kollmorgen to Bental dated May 30, 2007; and an end-used statement from the Israeli Ministry of Defense, signed by Amos Gilad and dated December 27, 2007. Mandel also showed emboff a purchase order from Bental to signed by Yerach Sapojnikov and dated January 2, 2008. All documents collected by emboff have been sent by FAX to PM/DDTC at 202-261-8198.

12. (SBU) On June 11, emboffs visited Danaher Motion's officers in Petach Tikva and met with Executive Vice President Aviran Weisler, Application and Sales Engineer Gadi Hon, and Alon, a sale administrator responsible for sales to Bental. MALMAB/DSDE did not have a representative present. Weisler indicated that he had spoken with Bental CEO Shmuel Mandel prior to the meeting. Weisler, Hon and Alon provided emboffs the following information in response to their questions:

A) Bona Fides: Weisler said that Danaher Corporation in the U.S. has two subsidiaries in Israel: Danaher Motion (also known as Servotech, Ltd.) and Kollmorgen Servotronix Ltd. (aka Servotronix, Ltd.). Danaher Corporation in the U.S. is a USD 13 billion dollar company listed on the U.S. stock

market. Established in 1987 initially as an engineering company, Danaher Motion is a small part of Danaher's aerospace and military division, and is valued at USD 80 million. (Danaher's other division is the Pacific division, which includes Kollmorgen, and is valued at USD 600 million.)

Danaher Motion's principals are Dr. Ilan Cohen (manager), Eyal Silka and Aviram Weisler (executive vice presidents), Norit Palev, and Roi Ziv (operations). Danaher Motion does not produce weapons systems. Instead, it produces motors and drives -- some of which have dual uses. Danaher Motion's suppliers in the U.S. include Inland Motors in Radford, Virginia and Thompson. (Weisler noted that Kollmorgen Corporation -- which is listed as a subsidiary of Danaher Corporation, the supplier per reftel, is also known as Inland Motors.) Danaher Motion is selling directly to Bental. Customers include companies like Applied Materials, Strong ADT, Advanced Dicing Technologies, HP Indigo and HP Cytex. Danaher's aerospace and military division (of which Danaher Motion is a part) does business with Israeli defense contractors Rafael, Elbit and IMI, and is starting to work with Elta. In June 2000, Danaher acquired Kollmorgen. In response to emboff's question as to why Servotronix Ltd. is listed as the intermediate consignee when the company is really Danaher Motion, Weisler replied that the person filing the application may have been confused as Kollmorgen Servotronix, Ltd. -- Danaher Motion's sister company -- is located in the same building as Danaher Motion. Weisler stressed that Kollmorgen Servotronix Ltd. is not/not involved in the transaction. Danaher Motion is located entirely in Israel. It has no overseas customers, and it does not serve as a broker.

B) Technology Applications: In response to emboff's questions, Hon said that the tachometers will be used to provide analog feedback. They will be integrated into a motor that Bental is already making. They will then provide feedback with respect to yaw and pitch. Bental's motors with the tachometers integrated into them will be set aside solely for the Israeli MOD's use. According to Hon, it is likely that they will be kept in Bental's warehouse as spare parts for future use.

C) Company's On-Site Security and Understanding of USML Restrictions: Weisler said that each employee in Danaher

Motion undergoes training on the ITAR and their obligations towards controlled items, including dual-use items. He said that the training is coordinated by a person (Caroline; no further information) at Inland Motors, who is also available to answer any questions Danaher Motion employees have on the subject. Weisler said that Caroline provides Alon guidance, as needed, and advised Danaher Motion to establish a separate, secure location for the storage of controlled items, should storage be required. Weisler said that the Israeli MOD's Security Directorate (MALMAB/DSDE) had recently checked Danaher Motion's security policies and procedures and given them "high marks." Regarding the transaction in question, Weisler said that only two people from Danaher Motion will handle the tachometers: Alon and the warehouse manager. Weisler said that Danaher Motion has a secure lock-box for controlled items, and that all items Danaher Motion receives, uses and sends out are tracked in a computer system.

D) Roles of Bental and Servotronix: In response to emboff's question about the role of Danaher Motion in the transaction, Weisler answered by describing a process whereby Danaher Motion has inserted itself into the transaction process that was previously between Bental and its U.S. suppliers. Weisler explained that Danaher Motion is growing and seeking to acquire Bental. Regarding the transaction in question, Weisler said that Danaher Motion received the purchase order from Bental at the start. (He added that all purchase orders received by Danaher Motion need to note the end-use of the item in question, even if the item is not sensitive.) Weisler continued: Danaher Motion will receive the controlled items, and then turn them over immediately to Bental. (He noted that Danaher Motion has a secure warehouse where controlled items can be kept, but stressed that Bental urgently desires the tachometers, and so will take them from Danaher Motion immediately.)

E) Documentation: When asked about the documentation package listed as one of the controlled items in reftel, Alon replied that this is a standard package that is shipped with items

like the tachometers, and includes the invoice and export license. At emboff's request, Hon supplied emboff with a copy of the March 10, 2008 cover letter from Danaher Motion explaining the proposed transaction. Alon showed emboff the purchase order DS800052 signed by Efrat Yefet -- also an administrative assistant -- and introduced emboff to Yefet. Alon also showed emboff the end-user statement signed by Aviran Weisler and Eyal Silka. When asked why there is a discrepancy between the license value (per reftel) of USD 44,240 and the values listed in the other documents (e.g., USD 43,240 and USD 57,669), Weisler explained that this is because Danaher Motion requires a transaction fee. All documents collected by emboff have been sent by FAX to PM/DDTC at 202-261-8198.

13. (SBU) Based on the above information, emboffs believe that the proposed transaction in question is legitimate and that Bental and Danaher Motion are legitimate companies fully aware of their obligations towards USML items.

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JONES